

DOCUMENT RESUME

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Audit of the Minority Printing Clerk, House of Representatives, for the Fiscal Year Ended September 30, 1977. GGD-78-89; B-164163. August 9, 1978. 2 pp. + 4 enclosures (6 pp.).

Report to the Congress; by Elmer B. Staats, Comptroller General.

Issue Area: Accounting and Financial Reporting: Operations, Financial Position, and Changes (2802).

Contact: General Government Div.

Budget Function: General Government: Legislative Functions (801).

Organization Concerned: House of Representatives: Minority Printing Clerk; Thomas J. Lankford, Inc.

Congressional Relevance: House Committee on House Administration; Senate Committee on Rules and Administration; Congress.

Authority: Legislative Branch Appropriation Act [of] 1978 (P.L. 95-94). H. Res. 295 (78th Cong.).

The House of Representatives Minority Printing Clerk operates as Thomas J. Lankford, Inc., a firm organized primarily to provide printing and related services for Members of the House of Representatives. The Printing Clerk supplies official printing to the minority leadership at no charge and offers, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations. Findings/Conclusions: An audit was performed of the Minority Printing Clerk's accounts in accordance with generally accepted auditing standards. Financial statements were prepared from the accounting records of Thomas J. Lankford, Inc. The income and expense statement includes the costs of printing services supplied to the minority leadership but does not include: the costs of certain benefits and services such as space, utilities, and ordinary repairs and maintenance furnished to the corporation without charge; or the annual salary of the Minority Printing Clerk which is paid from appropriated funds. The financial statements were prepared on a basis consistent with that of preceding years and present fairly the financial position of the Minority Printing Clerk and the results of operations and changes in its financial position for the year then ended. (RRS)

7277

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

**Audit Of The Minority Printing
Clerk, House Of Representatives,
For The Fiscal Year Ended
September 30, 1977**



GGD-78-89

AUGUST 9, 1978



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164163

To the President of the Senate and the
Speaker of the House of Representatives

We audited the accounts of the Minority Printing Clerk, House of Representatives, for the fiscal year ended September 30, 1977, pursuant to section 451 of the Legislative Reorganization Act of 1970 (40 U.S.C. 193m-1).

GENERAL COMMENTS

The position of Minority Printing Clerk originated from House Resolution 295 (July 7, 1943, 78th Cong.), which (1) authorized employment of a clerk in charge of printing for the minority caucus room and (2) provided that the clerk be

--designated by the minority leader and

--compensated at the rate of \$2,000 per annum from appropriated funds.

Over the years, the amount of the Minority Printing Clerk's compensation has increased from \$2,000 to \$15,650, the amount appropriated by the Legislative Branch Appropriation Act, 1978 (Public Law 95-94, Aug. 5, 1977).

The Minority Printing Clerk operates as Thomas J. Lankford, Incorporated, a firm organized and incorporated on December 16, 1963, primarily to provide printing and related services for Members of the House of Representatives.

The Minority Printing Clerk's offices and printing plant are in the west underground garage of the House of Representatives. The Printing Clerk supplies official printing to the minority leadership at no charge and offers, for a fee, printing and related services to Members of Congress, congressional committees, State societies, and political organizations.

SCOPE OF AUDIT

We made our audit in accordance with generally accepted auditing standards. It included an examination of the accounting records for the fiscal year ended September 30, 1977, and such other auditing procedures as we considered necessary.

OPINION ON FINANCIAL STATEMENTS

We prepared the accompanying financial statements (schs. 1, 2, and 3) from the accounting records of Thomas J. Lankford, Incorporated. The income and expense statement (sch. 2) includes the costs of printing services supplied to the minority leadership at no charge, but does not include (1) the costs of certain benefits and services such as space, utilities, and ordinary building repairs and maintenance furnished to the corporation without charge or (2) the annual salary of the Minority Printing Clerk, which is paid from appropriated funds.

In our opinion, the accompanying statements (schs. 1, 2, and 3), which were prepared on a basis consistent with that of preceding years and in accordance with the financial arrangements described above, present fairly the financial position of the Minority Printing Clerk, operating as Thomas J. Lankford, Incorporated, at September 30, 1977, and the results of its operations and the changes in its financial position for the year then ended.

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The Legislative Reorganization Act of 1970 requires that the results of our audit be reported to the Congress. Accordingly, copies of this report are being furnished to cognizant congressional committees. A copy of this report is being sent to the Minority Leader of the House of Representatives and copies will be available to Members and the public.



Comptroller General
of the United States

SCHEDULES

SCHEDULE 1

THOMAS J. LANKFORD, INCORPORATED

STATEMENT OF FINANCIAL CONDITION

SEPTEMBER 30, 1977 (note a)

ASSETS

CURRENT ASSETS:

Cash	\$ 40,668.12	
Accounts receivable--trade	181,772.61	
Accounts receivable--officers (note b)	1,464.30	
Accounts receivable--other	1,223.78	
Inventory (cost)	51,078.78	
Prepaid expenses	2,605.15	
Tax loss carryback claim	<u>8,627.45</u>	
Total current assets		\$290,440.19

INVESTMENT:

Cash surrender value of of- ficer's life insurance policy		21,734.98
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FIXED ASSETS:

Printing equipment	\$241,858.37	
Less accumulated depreciation	<u>210,513.69</u>	
		31,344.68
Station wagons	7,498.00	
Less accumulated depreciation	<u>2,082.70</u>	
		5,415.30
Office equipment	400.00	
Less accumulated depreciation	<u>156.52</u>	
		<u>243.48</u>
Total fixed assets		<u>37,003.46</u>

TOTAL ASSETS \$349,178.63

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

SCHEDULE 1

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Accounts payable	\$109,501.12
Notes payable	65,000.00
Estimated franchise and income tax liability	25.00
Accrued interest payable	1,691.67
Accrued taxes payable	5,467.30
Unearned income	<u>10,742.15</u>

Total liabilities

\$192,427.24

STOCKHOLDER'S EQUITY:

Capital stock--common:

\$100 par value;
1,500 shares authorized;
375 shares issued and
outstanding

\$37,500.00

Capital in excess of par value

51,464.36

Total capital

88,964.36

Retained earnings:

Balance at beginning of fiscal
year

76,792.74

Fiscal year 1976 tax re-
funds, net of tax expenses

365.70

Net loss for fiscal year

(9,371.41)

Balance at end of fiscal year

67,787.03

Total stockholder's equity

156,751.39

TOTAL LIABILITIES AND
STOCKHOLDER'S EQUITY

\$349,178.63

THOMAS J. LANKFORD, INCORPORATEDSTATEMENT OF INCOME AND EXPENSEFISCAL YEAR ENDED SEPTEMBER 30, 1977 (notes a and c)

NET SALES		9838,561.15
PRINTING EXPENSES:		
Camera supplies	5 15,285.41	
Depreciation (straight-line method)	12,355.61	
Express and postage	6,003.60	
Leased equipment	7,062.11	
Material and paper	248,199.37	
Payroll taxes	12,397.22	
Repairs and parts	11,027.58	
Salaries	243,350.89	
Subcontracts	62,768.14	
Type, composition, and ink	36,304.53	
Union pension fund	2,856.70	
Union training fund	142.80	
Union welfare fund	8,744.06	
Total printing expense		<u>666,498.02</u>
Gross profit from sales		172,063.13
ADMINISTRATIVE EXPENSES:		
Accounting fees	12,205.58	
Advertising and promotion	22,067.08	
Station wagon	4,795.74	
Depreciation (straight-line method)	2,330.46	
Employee pension plan (note d)	30,472.86	
General expense	1,350.82	
Insurance	22,088.59	
Legal fees	1,952.19	
President-Treasurer salary	79,200.00	
Taxes	7,530.22	
Telephone	480.40	
Obsolete material written off	1,302.30	
Total administrative expenses		<u>185,776.24</u>
Net operating loss		(13,713.11)
NONOPERATING INCOME:		
Miscellaneous income	\$ 306.30	
Interest income	317.68	
Gain on sale of assets	2,000.00	
Recovery of prior years' bad debts	<u>802.37</u>	3,426.35
NONOPERATING EXPENSES:		
Interest expense	\$ <u>7,687.10</u>	<u>4,260.75</u>
Loss before taxes		(17,973.86)
ESTIMATED FRANCHISE AND INCOME TAXES:		
District of Columbia	25.00	
United States	<u>(8,627.45)</u>	
Total estimated franchise and income taxes		<u>8,602.45</u>
Net loss		\$ <u>(9,371.41)</u>
LOSS PER SHARE		\$ <u>(24.99)</u>

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 of the letter.

THOMAS J. LANKFORD, INCORPORATEDSTATEMENT OF CHANGES IN FINANCIAL POSITIONFISCAL YEAR ENDED SEPTEMBER 30, 1977 (note a)

FUNDS PROVIDED:

Net sales	\$878,561.15
Recovery of prior years' bad debts	802.37
Miscellaneous income	306.30
Interest income	317.68
Gain on sale of assets	2,000.00
Fiscal year 1976 tax refunds, net of tax expenses	365.70
Decrease in working capital	<u>21,592.88</u>
Total funds provided	<u>\$863,946.08</u>

FUNDS APPLIED:

Costs (excluding depreciation)	\$836,672.84
Increase in cash surrender value of officer's life insurance	2,760.24
Purchase of printing equipment	17,015.00
Purchase of station wagon	<u>7,498.00</u>
Total funds applied	<u>\$863,946.08</u>

ANALYSIS OF CHANGES IN WORKING CAPITALFOR FISCAL YEAR ENDED SEPTEMBER 30, 1977Increase or decrease(-)

WORKING CAPITAL CHANGES:

Cash	\$ -6,555.84
Accounts receivable	-107,280.14
Refundable overpayment of income taxes	-1,200.00
Tax loss carryback claim	8,627.45
Inventory	-20,454.02
Prepaid expenses	-4,462.58
Accounts payable	85,188.76
Notes payable	30,000.00
Estimated franchise and income tax liability	-25.00
Accrued interest payable	421.48
Accrued salaries payable	5,626.49
Accrued taxes payable	-2,828.47
Unearned income	<u>-8,651.01</u>

DECREASE IN WORKING CAPITAL

\$ -21,592.88

GAO note: The accompanying notes on page 6 are an integral part of this statement.

Our opinion on this statement appears on page 2 the letter.

THOMAS J. LANKFORD, INCORPORATEDNOTES TO FINANCIAL STATEMENTSEPTEMBER 30, 1977a/Significant accounting policies:

The books are maintained on a cash basis throughout the course of the fiscal year and converted to an accrual basis at the end of the fiscal year.

Depreciation is provided at rates based on estimated useful lives using the straight line method. The lives generally used are as follows:

Printing equipment--new	10 years
Printing equipment--used	5 years
Office furniture and equipment	10 years
Station wagon	3 years

Inventory is stated on the statement of financial condition at cost.

b/Due from President-Treasurer for personal expenses paid by Thomas J. Lankford, Incorporated.c/Does not include the cost of certain benefits and services--such as space, utilities, and ordinary building repairs and maintenance (which are furnished to the corporation without charge) or the printing clerk's salary (\$15,640.56)--paid from appropriated funds.d/Employee pension plan covers all employees of Thomas J. Lankford, Incorporated, after 2 years of service, at no cost to the employees.